Alberta's Update

ON THE AGREEMENT ON INTERNAL TRADE

July 15, 2003

The Agreement on Internal Trade (AIT) is an undertaking among the thirteen federal, provincial and territorial governments in Canada (signed prior to the creation of Nunavut) to ensure a more open, accessible and stable domestic market.

Alberta's Priorities

The last Committee on Internal Trade (CIT) meeting took place in June 2002. The CIT oversees the Agreement on Internal Trade, aimed at reducing and eliminating trade barriers between provinces, and is comprised of federal, provincial and territorial ministers. It is aided by the Internal Trade Secretariat, which provides administrative and operational support to the functioning of the Agreement.

Following the 2002 meeting, the Secretariat requested Parties to the AIT and business associations to provide input on possible future negotiations including exceptions that could be removed from the AIT as well as recommendations for practical and pragmatic initiatives for improving internal trade, notably through the AIT.

In response, the Honourable Halvar Jonson, Alberta's Minister of International and Intergovernmental Relations and the former co-chair of the CIT, has outlined Alberta's priorities and recommendations. Alberta is strongly committed to the implementation of all outstanding obligations under the AIT. The priority areas where Alberta would like to facilitate freer interprovincial trade are crown procurement, transportation and agriculture.

The following is the summary of Alberta's priorities:

New Round of AIT Negotiations
Alberta believes that the AIT should be improved and expanded through a new round of negotiations. These negotiations would require all Parties to consider the entire Agreement in terms of benefits and improvements to achieve freer trade in Canada. Alberta recommends launching a new round of negotiations at the next CIT meeting, which has been scheduled for the fall of 2003.

Review of Exceptions, Exclusions and Carve-outs
In the proposed round of negotiations, Alberta will be prepared to examine numerous existing agreement-wide and chapter specific exceptions, with a view to either reducing the scope of the exclusions or bringing them under full coverage of the AIT. Alberta is willing to discuss further liberalization in certain areas of procurement, investment, labour mobility, consumer-related measures and standards, agriculture and food goods, natural resource processing and transportation. At the same time, Alberta believes in reciprocity, and will consider cancelling exceptions only in the appropriate review or negotiation process.

Dispute Resolution Process
Alberta believes that the AIT dispute resolution process should be improved. In particular, Alberta supports establishing clearer rules in regard to panel selection and panel report implementation, with consequences for non-compliance. Alberta sees the improvement of dispute resolution system as one of the key objectives in a proposed new round of negotiations.

Decision-Making Process
Under the current rules, consensus among all signatories is required to make any changes to the current AIT. Alberta continues to support this model, but it also supports regular annual meetings of the CIT and allowing Parties to opt out of negotiations or participation in any future agreement.

Strengthening Existing Obligations
Alberta supports strengthening obligations under the AIT in those areas that are weak. Adjustments to the language in various parts of the Agreement, including the General Rules and the Dispute Resolution provisions may be required. Alberta also supports

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negotiating a default formula or a triggering mechanism to automatically set deadlines when obligations have passed their original due dates. Alberta views the AIT's provision for Parties to enter into trade enhancement agreements on a bilateral or multilateral basis as beneficial to those like-minded Parties seeking further trade liberalization beyond what is required under the AIT.

Future directions

Many CIT Ministers, including Alberta's Minister, have identified issues of importance and priorities to be addressed at the next CIT meeting, which is anticipated in the fall of 2003. Although at this time there is no consensus on the need to remove certain exceptions under the AIT, Ministers will discuss the issue of exclusions and carve-outs. Ministers will also discuss the dispute resolution and possible decision-making processes. Discussions will be held on Procurement Chapter, to deal with the possible inclusion of a new Annex to bring procurement of crown corporations under the coverage of the AIT. The impact of regional economic development programs on internal trade will also be examined.

Co and vice chairs of the CIT

Currently, Canada and New Brunswick are the co-chairs of the CIT. New Brunswick is expected to step down as a co-chair after the next CIT meeting. Current vice-chair, Quebec, will become the new co-chair after New Brunswick steps down.

Alberta's perspective on the AIT

Last year, Alberta's Minister Jonson completed his two-year term as a co-chair of the CIT. At the last CIT meeting in June 2002 Minister Jonson expressed satisfaction that the stakeholder consultations had provided private sector encouragement for more work on the Agreement. The Minister also indicated that there had been successes in areas such as consumer measures, MASH procurement and labour mobility. He believes that the CIT ministers have to give a clear signal to the business community, government officials and Canadians in general that the CIT is committed to achieving a more open and efficient economic union in Canada.

Copies of Minister Jonson's opening and closing comments are available in the Trade Policy, "Domestic Trade" section of Alberta International and Intergovernmental Relations web site at http://www.iir.gov.ab.ca/trade/documents/CIT_Mtg_Opening Remarks_June02.pdf and at http://www.iir.gov.ab.ca/trade/documents/CIT_Mtg_Remarks_on_Chair_ViceChair_June02.pdf

For more information

Further information on the Agreement on Internal Trade can be found on Alberta's International and Intergovernmental Relation's web site at: http://www.iir.gov.ab.ca/trade/pages/domestic_trade.htm within the "Domestic Trade" section.

The Internal Trade Secretariat's web site also contains information about the Agreement and is located at www.intrasec.mb.ca.

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